

## **Small Business Advisory Council Meeting**

### **DRAFT Minutes**

June 5, 2013

**Call to order:** Chair Jim Butler called the meeting to order at 1:10 p.m.

**Attendance:** The meeting was attended in person by the following Small Business Advisory Council (SBC) members: Aubry Stone, Evelyn Graham, Don Stoneham, Jennifer Goode, Jerry Bircher, James Brady, Lee Cunningham, Cecilia McCloy, Marty Keller, John Kabateck, Valerie Miles, Lori Kammerer and Phil Vermuelen.

The following SBC members attended via webinar: Ken Ashford, Douglas Eldridge, Patricia Linn, Stacey Heater Divine, and Brenda Quintana.

The following SBC members were absent: Rich Dryden, Savita Farooqui, Paul Guerrero, Linda Sarno, Tracy Stanhoff, Ruben Guerra, Sandy Cajas, Laura Harris, and Mark Martinez.

The following DGS representatives were in attendance: Chair Jim Butler, Alternate Chair Eric Mandell, Catrina Blair, Tonia Burgess, Tasha Nomura-Stewart, Tanya Little, Diana Alfaro, Chuck Deyoe, Linda Daveler, Judy Burnett, and Denis Calvo (RESO).

Special guests included: Robert Padilla, of the High-Speed Rail Authority.

### **Welcome and Opening Remarks**

Chair Jim Butler welcomed everyone to the meeting and highlighted some of the items on the agenda. He notified the Council that Co-Chair Aubry Stone would be late. Mr. Butler also stated the alternate for Tracy Stanhoff, Randy Twist, had recently passed away and paid tribute to Mr. Twist.

### **Approval of March 13, 2013 Meeting Minutes**

Mr. Butler asked for a motion to approve the March 13, 2013 minutes. Council member Jerry Bircher made a motion to approve the minutes and was seconded by Ms. Evelyn Graham. Motion carried.

### **Deputy Director Update**

Mr. Butler stated there were several changes to DGS' Procurement Division that affected the Council. Most recently, Council Alternate Chair Eric Mandell took over the Acquisitions Branch and will no longer be the Chief over the Office of Small Business & DVBE Services. The Acquisitions Branch is in charge of all statewide contracting. Ms.

Tanya Little and Ms. Danetta Jackson will be acting in Eric's position until this position has been filled.

Additionally, Mr. Butler stated the DGS' Procurement Division's Technology Acquisitions Branch would be transferring to the Department of Technology. Lastly, the DGS would no longer be part of the State and Consumer Services Agency, but would now be under the newly formed Government Operations Agency, which also includes departments like CalHR, Department of Technology, Public Employees' Retirement System (CalPERS) and State Teachers' Retirement System (CalSTRS).

Lastly, Mr. Butler explained that he recently attended the Joint Legislative Audit Committee meeting at the Capitol, where he provided testimony to support a proposed audit of the Disabled Veteran Business Enterprise (DVBE) program. Council member Lee Cunningham asked whether a field audit was completed with the recent audit, which included site visits and whether those who were denied certification were being investigated. Mr. Butler indicated that the audit scope seemed to include the records of a limited number of state agencies that purchase from DVBE firms and could potentially also include a limited number of DVBE firms.

Council member Jerry Bircher asked why the Governor's Small Business Advocate, Barbara Vohryzek, does not attend the SBC meetings. Mr. Butler stated there were scheduling issues. Council member Lori Kammerer asked why the Joint Legislative Audit Committee only asked for DVBE certification to be audited; Mr. Butler stated the members of the committee requested it. Council member John Kabateck asked if an alternate could be provided for Ms. Vohryzek, so that the Council could have some sort of communication with the Governor's Office; Mr. Butler said the DGS would send in such a request. Robert Padilla, of the California High-Speed Rail Authority asked since the DVBE Steering Committee falls under CalVet, how was it affected by the DVBE audit.

Council Co-Chair Aubry Stone acknowledged Alternate Chair Eric Mandell's involvement with the Small Business Council and the small business (SB) and DVBE programs and thanked him. Mr. Mandell was provided with a certificate.

## **RESD Update**

Dennis Calvo, from DGS' Real Estate Services Division (RESD) in the Contracts Management Section provided the Council with a RESD update. He explained his section focused on Public Works Construction. Mr. Calvo stated over the last three years, RESD had executed \$380 million in Public Works Construction. \$100 million were awarded to certified small/micro businesses. Back in 2008, there was a hold on Architectural & Engineering construction projects, which caused SB participation to decrease due lack of available projects. However, he explained more of these projects have and will become available within the next few years.

Mr. Calvo explained \$1 million in projects were currently available for certified small/micro businesses. Council member Cunningham asked what the definition of micro-business was which Mr. Butler stated was the one used by the State of California. Ms. Cunningham also stated that BidSync was hard to navigate when looking at construction solicitations because there was not a simplified search process. Mr. Calvo offered Ms. Cunningham the opportunity to call him directly and he would walk her through the process. Council member Don Stoneham referenced the Council's Strategic Plan to raise small business participation to 50%, but stated they would not be able to do so without making impact. Mr. Kabateck suggested that members get together and discuss how to make BidSync more user-friendly. Council member Phil Vermuellen stated he would be honored to work with his constituents to help make the market more competitive.

Council member Bircher asked if Fi\$Cal was still going to replace BidSync. Mr. Butler said yes but not until 2015. Council member James Brady had an issue with small businesses being unable to be considered a prime because projects were "too big to handle." He indicated a need for state contracting officials' to consider SBs as potential prime contractors and explained that once this happened, more SBs capable of meeting the state's needs would emerge.

### **High-Speed Rail Update**

Mr. Robert Padilla, of the California High-Speed Rail Authority (CHSRA), stated that they have a new template for the web site and provided the Council with a quick presentation of the re-designed site. The web site could be viewed at: [www.hsr.ca.gov](http://www.hsr.ca.gov).

Mr. Padilla explained information regarding their upcoming projects was available on the site and was updated regularly and is as up to date as possible. He reiterated that the CHSRA has committed to a 30% goal for small business participation. Such participation includes: small business, disadvantage business, women-owned, DVBE, etc.

Council member Cunningham asked about the small business component. She asked whether a prime, who owned part of a small business that would be listed as a "sub" would be awarded participation. Mr. Butler explained that type of relationship could not happen as each subcontractor listed on an awarded contract is investigated for verification purposes. Ms. Tanya Little provided a brief overview of the certification process, in which the Office of Small Business & DVBE Services (OSDS) conducts such investigations. She explained that the office asks the applying supplier to list any affiliates, to provide tax returns, articles of corporations, business licenses, etc., in order to verify their business status. Additionally, OSDS uses the Department of Motor Vehicles' database to research, as well. Marty Keller, of Keller & Associates, explained the CHSRA would not be able to distinguish whether the prime was claiming the participation until the subcontractor had been paid. Council member Valerie Miles asked if the 30% participation goal applied per package; Mr. Padilla responded yes. She also asked since this participation was an aspirational goal, was the HSRA going to

ensure that the goal is met, to which Mr. Padilla responded yes. Council member Cunningham wanted to see joint ventures be more available on these projects.

### **Contract Update**

Ms. Linda Daveler, of the DGS Procurement Division's Commodity Statewide Contract unit, stated her group was currently working on a tire contract and were looking into how to break it up the State for small businesses to better contract for this commodity. She explained there would be an off-ramp within the contract.

Other contracts her group is working on include ammunition and trash bags. She stated that her group conducts research regarding what participation would look like for suppliers prior to solicitation of the contracts. Council member Cecelia McCloy asked if contracts were single or multiple award contracts. Ms. Daveler responded most were multiple supplier awarded contracts. Ms. McCloy asked whether partial award had ever been looked at, not referring to a prime-sub relationship. She clarified that in doing so, small businesses would have more of an opportunity to control the contract. Mr. Butler stated that small businesses are limited to a \$250,000 contract. Ms. Cunningham asked if a \$1 million contract could be split into four components of \$250,000.

Mr. Kabateck asked Mr. Butler how he could help market the DGS' contracting opportunities and whether there was some way to provide a monthly alert regarding upcoming contracts. Council member Cunningham complemented Mr. Butler and stated DGS doesn't receive enough credit for its successes and strivings for supporting small businesses. Mr. Keller suggested imitating what other agencies were currently doing. Council member Evelyn Graham suggested using a twitter account.

### **Legislative Update**

Chuck Deyoe, of the DGS Procurement's Legislative team, discussed bills that were currently being watched. To review the list of bills discussed, go to:  
<http://www.documents.dgs.ca.gov/pd/smallbus/SBCouncil/LegislativeSummary060513.pdf>

Council Co-Chair Stone asked whether AB173, which would extend the SB/DVBE option and require community and post-secondary colleges to use the State's certification, was that going to be addressed this year. Mr. Deyoe stated yes and if passed, would go into effect at the beginning of the 2014.

### **CUF Update**

Mr. Bernie Quinn, of the DGS Procurement Division's Office of Policies, Procedures and Legislation team, along with Tanya Little, explained they had received input on better guidance on compliance of five rules of the Commercially Useful Function (CUF). Mr. Quinn explained four pieces were being looked at: a CUF compliance document,

which was three pages long; a new policy document, which included FAQs and scenarios; an update to the State Contracting Manual; and enhancement of current Cal-PCA training.

Council Co-Chair Stone requested a copy of the final draft be provided to the Council at the next meeting in September.

## **2011/2012 Consolidated Annual Report**

A presentation regarding recent regulatory changes was provided by Ms. Diana Alfaro, of DGS Procurement's Office of Small Business & DVBE Services. Her presentation could be found at:

<http://www.documents.dgs.ca.gov/pd/smallbus/SBCouncil/SBRegulation060513.pdf>.

Council Alternate Chair Eric Mandell and Tanya Little discussed the 2011/2012 Consolidated Annual Report, which could be found at:

<http://www.documents.dgs.ca.gov/pd/smallbus/SBCouncil/FY11-12AnnualReport060513.pdf>.

Mr. Butler explained the DGS was looking at the Top 10 departments that did not meet their participation goals. Those top spending departments received a letter from the DGS' Director stating the DGS would be meeting with them at the end of the month to discuss a plan to increase their participation numbers. Mr. Mandell explained that when such meetings were done in the past, the State's overall participation numbers went from 17.89% to 28%.

Council member Kammerer asked whether a breakdown of contracts that used primes and subcontractors, as well as a breakdown of costs listed on page 2 of the consolidated report could be provided. Mr. Butler explained the DGS could not provide such information, as departments do not report their participation numbers to the DGS that way. Instead, he stated that members would need to request that information from that specific department.

## **Review of Action Items**

The following items would be addressed at the next SBC meeting on September 4, 2013:

- RESD seminar on how to navigate construction solicitations in BidSync; how to remove BidSync LinkPlus notifications
- Member collaboration prior to SBC meeting
- Invite Governor's Advocate or alternate to next meeting
- Send a list of current unbundled contracts to the Council
- Marketing of upcoming contracts
- Final draft of CUF document for feedback
- Bring back stop sign on Consolidated Annual Report

- CalPERS representative for next meeting

**Public Comment**

Lynette Hall, from CalPERS, stated that her department listed their upcoming bidding opportunities on their web site. She stated it was listed in a user-friendly manner, so that potential suppliers did not have to navigate through the BidSync web site. She also stated suppliers could request a bidder's list via email.

Chair Jim Butler adjourned the meeting at 3:12 p.m.